

- Value Partners High-Dividend Stocks Fund (The "Fund") primarily invests in higher yielding equity and debt securities in the Asian region.
- The Fund may invest in higher-yielding equity and debt securities that are below investment grade. Such investments can involve greater risks due to the speculative nature.
- The Fund may invest in China and other markets of the Asian region, therefore is subject to emerging market risks. Generally, investments in emerging markets are more volatile than investments in developed markets due to additional risks relating to political, social, economic and regulatory uncertainty. The value of the Fund can be extremely volatile and could go down substantially within a short period of time. It is possible that the entire value of your investment could be lost.
- The Fund may also invest in derivatives which can involve material risks, e.g. counterparty default risk, insolvency or liquidity risk, and may expose the Fund to significant losses.
- In respect of the distribution units for the Fund, the Manager currently intends to make monthly dividend distribution. However, the distribution rate is not guaranteed. Distribution yield is not indicative of the return of the Fund. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units.
- You should not make investment decision on the basis of this material alone. Please read the explanatory memorandum for details and risk factors

【For Immediate Release】

Value Partners High-Dividend Stocks Fund is available to mainland investors

**Value Partners launches second northbound fund under the Mainland-Hong Kong Mutual Recognition of Funds scheme, in partnership with Tianhong Asset Management*

**Global asset allocation to capture high yield quality companies in Asia*

(Hong Kong, 6 May 2020) - Value Partners Group Limited ("Value Partners" or "the Group", Hong Kong Stock Code: 806) today announces that one of the Group's largest equity funds **Value Partners High-Dividend Stocks Fund** ("the Fund") is officially launched on the Chinese mainland market, under the **Mainland-Hong Kong Mutual Recognition of Funds** ("MRF") scheme. Value Partners has appointed **Tianhong Asset Management Co. Ltd** ("Tianhong Asset Management" or "Tianhong") as the fund's master agent under the MRF scheme. Tianhong is one of the leading mutual fund management companies on the mainland of China.

This is the second fund of Value Partners that has received the approval in November 2019 by the China Securities Regulatory Commission ("CSRC") as an eligible northbound fund to join the MRF scheme, after the Group's flagship **Value Partners Classic Fund** obtained approval in December 2018. Effective from 6 May 2020, mainland investors can subscribe to **Value Partners High-Dividend Stocks Fund** through Tianhong's online channels and direct sales center.

Established in September 2002, Value Partners High-Dividend Stocks Fund has an excellent track record of over 17 years. Upholding the value investing strategy and bottom-up approach, the Fund aims to provide capital appreciation to unitholders by identifying quality companies and investing primarily in a portfolio of relatively higher yielding debt and equity securities in Asian region. By end of March 2020, the Fund's assets was about US\$1.71 billion¹.

As of 31 March 2020, Value Partners High-Dividend Stocks Fund recorded a total return of 651.5% and an annualized return of 12.2% since inception¹, outperforming the MSCI AC Asia (ex-Japan)

Index (“Index”) in 13 out of 17 calendar years. For comparison, the Index returned 380.9% over the same period, representing an annualized 9.3% return. The Fund ranked first in Morningstar’s Asia ex-Japan Equity category since the Fund’s inception².

Leveraging the Group’s in-house fundamental research capability, the Fund adopts a flexible allocation investing in both stable and cyclical high-yield stocks. Investible companies come with a robust and stable earnings outlook as well as the ability and willingness to pay dividends. The Fund’s emphasis on quality among portfolio holdings has paid off as it has achieved the target return under different economic situations. Moreover, a high-dividend strategy tends to offer a good buffer during the times of crisis and to deliver relatively better returns when the economy recovers, thus making a sustainable performance throughout the entire investment cycle. Dividend-paying stocks are also widely favored by investors amid the ultra-low rate environment.

While the pandemic has turned global, and its aftermath severely impacts financial markets, obtaining decent investment returns has become more challenging. **Mr. Norman Ho, Senior Investment Director at Value Partners**, sees a growing scale of negative-yielding assets emerge amid the low rate environment and uncertainty propels capital to park in safer assets, benefitting high-yield assets in the emerging market. In the emerging world, the MSCI Asia Index is trading at a discount of 20% - 30% over the mature markets. The volatility of high-dividend stocks is relatively low, making the risk-return profile more attractive than the broader market. **Mr. Ho** expects governments in Asia to continue adopting broader fiscal and monetary policies to stimulate the economy, which will help improve corporate earnings.

Mr Ho adds: "We have seen global assets facing setbacks since the virus outbreak, and high-dividend stocks are not immune. However, the fundamentals of the quality companies in the region remain intact. Quality stocks paying high-dividends are believed to enjoy a strong rebound when markets recover from panic."

Industry leading Tianhong Asset Management operates with a set of professional standards in the fund selection mechanism. The process for Northbound funds starts with sorting the overseas asset classes and then selecting the outstanding funds in each asset class category.

Mr. Tony Liu, Director of International Business at Tianhong Asset Management, explains the mechanism behind the distribution partnership. "Based on our approach, only one or a few of around 30 funds will be eventually included in the distribution list."

Under the current tide of uncertainty, global asset allocation is essential. **Mr. Liu** continues: "Mainland investors are keen on overseas investment. As a professional investment institution in China, Tianhong strives to offer diversified investment services to investors. Value Partners is the value investing pioneer in Asia and the renowned and sizable listed asset manager. We join hands again to take advantage of their strong track record and product development capabilities, to provide more offshore asset allocation solutions for onshore investors ultimately.

"As one of the oldest dividend-paying equity funds in the Asian market, Value Partners High-Dividend Stocks Fund does not only stand out with its outstanding track record, but a portfolio

that is well-positioned to "attack and defend" against the pandemic and to capture long term opportunities of China's economy."

1. Source: Morningstar. Data as of 31 March 2020. Value Partners High-Dividend Stocks Fund (Class A1 USD) 10 years' performance since inception on 2 September 2002: 2010:+25.8%; 2011:-11.9%; 2012:+25.2%; 2013:+8.1%; 2014:+9.4%; 2015:-3.7%; 2016:-0.2%; 2017:+32.9%; 2018:-14.2%; 2019:14.9%; 2020 year to date as of 31 March 2020: -20.9%.

2. Source: Morningstar.

Index performance is for reference only. Investment involves risk. Past performance is not indicative of future performance. The material has not been reviewed by the Securities and Futures Commission of Hong Kong. Issuer: Value Partners Hong Kong Limited.

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About Value Partners Group Limited

Value Partners is one of Asia's largest independent asset management firms that seek to offer world-class investment services and products. Assets under management of the firm were US\$10.9 billion as of 31 March 2020. Since its establishment in 1993, the firm has been a dedicated value investor in Asia and around the world. In November 2007, Value Partners Group became the first asset management firm to be listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 806 HK). In addition to its Hong Kong headquarters, the firm operates in Shanghai, Shenzhen, Kuala Lumpur, Singapore and London, and maintains representative offices in Beijing and Boston. Value Partners' investment strategies cover equities, fixed income, multi-asset, quantitative investment solutions and alternatives for institutional and individual clients in the Asia Pacific, Europe and the United States. For more information, please visit www.valuepartners-group.com.

Media enquiries:

Teresa Yu
Associate Director, Marketing and Communications
Email: teresayu@vp.com.hk
Tel: (852) 2143 0320

Daphne Duan
Manager, Marketing and Communications
Email: daphneduan@vp.com.hk
Tel: (852) 2143 0449